Board for payment and settlement systems

38. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India is in the proccess of constituting a board for payment and settlement systems;

(b) whether any draft legislation has been forwarded to Government by the Reserve Bank of India;

(c) if so, the salient features of the Bill;

(d) whether the draft has been sent to the Ministry of Law and Justice for its vetting; and

(e) if so, what is the opinion of the Ministry in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir, Reserve Bank of India is in the process of constituting a Board for Payment and Settlement Systems as a Committee of its Central Board.

(b) Yes, Sir. The draft regulations have been forwarded to the Government by the Reserve Bank of India.

(c) The salient features of the draft Regulations of Board for Payment and Settlement Systems are as follows:

- Supervision and regulation of the Payment and Settlement Systems.
- Laying down policies relating to the regulation and supervision of the payment and settlement systems.
- Laying down of the standards for both existing and future payment and settlement systems.
- Authorisation of the payment and settlement systems.
- Determination of the criteria for membership of payment and settlement systems.
- Administration of rules and guidelines framed under any statute for the operators of the payment and settlement systems.
- Taking steps deemed necessary for the effective regulation and supervision of the payment and settlement systems.

- Creating necessary administrative structure for ensuring effective regulation and supervision of the payment and settlement systems.
- Other functions and exercise other powers as may be notified by the Central Board of RBI, from time to time.

(d) Not as yet.

(e) Does not arise.

Check on money laundering

39. SHRIMATI N.P. DURGA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI has finalized a set of directives for banks to screen customers more stringently to check money laundering activities in the country;

(b) if so, the details thereof; and

(c) whether the guidelines/directives are part of the legislation passed last year on money laundering?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. Guidelines on 'know your customer'' norms and 'cash transactions' have been issued by RBI on 16.08.2002 and are available on the RBI website.

(b) In terms of these guidelines banks are required to seek more information from the customers who wish to open deposit accounts. The customers are required to submit documentary evidence such as passport, driving licence etc. as proof of their identity. Banks were also advised that the demand drafts, traveller's cheques etc. for Rs. 50,000/- and above should be issued by debit to customers account only and not against cash. Banks are also required to develop an internal system for reporting of cash transactions of Rs. 10.00 lacs and above and suspicious transactions to their Head Office for the purpose of monitoring.

(c) No, Sir. The guidelines were issued prior to the enactment of prevention of Money Laundering Act 2002 and do not form part of the Act.